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**ENGROSSED HOUSE BILL 2901**

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AS AMENDED BY THE SENATE

Passed Legislature - 2002 Regular Session

**State of Washington                      57th Legislature                      2002 Regular Session**

**By** Representatives Conway, Clements, Reardon, Berkey, Kenney, Santos, Lovick, Chase, Simpson, Wood and Sullivan

Read first time 02/04/2002. Referred to Committee on Commerce & Labor.

1            AN ACT Relating to unemployment insurance; amending RCW 50.22.140,  
2 50.22.150, 50.20.120, 50.24.010, 50.29.020, 50.29.025, 50.29.025,  
3 50.29.010, 50.29.062, and 50.24.014; adding a new section to chapter  
4 50.20 RCW; adding new sections to chapter 50.29 RCW; creating new  
5 sections; providing an effective date; providing expiration dates; and  
6 declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8            **Sec. 1.** RCW 50.22.140 and 2000 2nd sp.s. c 1 s 916 are each  
9 amended to read as follows:

10            (1) The employment security department is authorized to pay  
11 training benefits under RCW 50.22.150, but may not obligate  
12 expenditures beyond the limits specified in this section or as  
13 otherwise set by the legislature. For the fiscal year ending June 30,  
14 2000, the commissioner may not obligate more than twenty million  
15 dollars for training benefits. For the two fiscal years ending June  
16 30, 2002, the commissioner may not obligate more than sixty million  
17 dollars for training benefits. Any funds not obligated in one fiscal  
18 year may be carried forward to the next fiscal year. For each fiscal  
19 year beginning after June 30, 2002, the commissioner may not obligate

1 more than twenty million dollars annually in addition to any funds  
2 carried (~~over~~) forward from previous fiscal years. The department  
3 shall develop a process to ensure that expenditures do not exceed  
4 available funds and to prioritize access to funds when again available.

5 (2) After June 30, 2002, in addition to the amounts that may be  
6 obligated under subsection (1) of this section, the commissioner may  
7 obligate up to thirty-four million dollars for training benefits under  
8 RCW 50.22.150 for individuals in the aerospace industry assigned the  
9 standard industrial classification code "372" or the North American  
10 industry classification system code "336411" whose claims are filed  
11 before January 5, 2003. The funds provided in this subsection must be  
12 fully obligated for training benefits for these individuals before the  
13 funds provided in subsection (1) of this section may be obligated for  
14 training benefits for these individuals. Any amount of the funds  
15 specified in this subsection that is not obligated as permitted may not  
16 be carried forward to any future period.

17 **Sec. 2.** RCW 50.22.150 and 2000 c 2 s 8 are each amended to read as  
18 follows:

19 (1) Subject to availability of funds, training benefits are  
20 available for an individual who is eligible for or has exhausted  
21 entitlement to unemployment compensation benefits and who:

22 (a) Is a dislocated worker as defined in RCW 50.04.075;

23 (b) Except as provided under subsection (2) of this section, has  
24 demonstrated, through a work history, sufficient tenure in an  
25 occupation or in work with a particular skill set. This screening will  
26 take place during the assessment process;

27 (c) Is, after assessment of demand for the individual's occupation  
28 or skills in the individual's labor market, determined to need job-  
29 related training to find suitable employment in his or her labor  
30 market. Beginning July 1, 2001, the assessment of demand for the  
31 individual's occupation or skill sets must be substantially based on  
32 declining occupation or skill sets identified in local labor market  
33 areas by the local work force development councils, in cooperation with  
34 the employment security department and its labor market information  
35 division, under subsection (~~(9)~~) (10) of this section;

36 (d) Develops an individual training program that is submitted to  
37 the commissioner for approval within sixty days after the individual is

1 notified by the employment security department of the requirements of  
2 this section;

3 (e) Enters the approved training program by ninety days after the  
4 date of the notification, unless the employment security department  
5 determines that the training is not available during the ninety-day  
6 period, in which case the individual enters training as soon as it is  
7 available; and

8 (f) Is enrolled in training approved under this section on a full-  
9 time basis as determined by the educational institution, and is making  
10 satisfactory progress in the training as certified by the educational  
11 institution.

12 (2) Until June 30, 2002, the following individuals who meet the  
13 requirements of subsection (1) of this section may, without regard to  
14 the tenure requirements under subsection (1)(b) of this section,  
15 receive training benefits as provided in this section:

16 (a) An exhaustee who has base year employment in the aerospace  
17 industry assigned the standard industrial classification code "372" or  
18 the North American industry classification system code "336411";

19 (b) An exhaustee who has base year employment in the forest  
20 products industry, determined by the department, but including the  
21 industries assigned the major group standard industrial classification  
22 codes "24" and "26" or any equivalent codes in the North American  
23 industry classification system code, and the industries involved in the  
24 harvesting and management of logs, transportation of logs and wood  
25 products, processing of wood products, and the manufacturing and  
26 distribution of wood processing and logging equipment; or

27 (c) An exhaustee who has base year employment in the fishing  
28 industry assigned the standard industrial classification code "0912" or  
29 any equivalent codes in the North American industry classification  
30 system code.

31 (3) An individual is not eligible for training benefits under this  
32 section if he or she:

33 (a) Is a standby claimant who expects recall to his or her regular  
34 employer;

35 (b) Has a definite recall date that is within six months of the  
36 date he or she is laid off; or

37 (c) Is unemployed due to a regular seasonal layoff which  
38 demonstrates a pattern of unemployment consistent with the provisions  
39 of RCW 50.20.015. Regular seasonal layoff does not include layoff due

1 to permanent structural downsizing or structural changes in the  
2 individual's labor market.

3 (4) The definitions in this subsection apply throughout this  
4 section unless the context clearly requires otherwise.

5 (a) "Educational institution" means an institution of higher  
6 education as defined in RCW 28B.10.016 or an educational institution as  
7 defined in RCW 28C.04.410, including equivalent educational  
8 institutions in other states.

9 (b) "Sufficient tenure" means earning a plurality of wages in a  
10 particular occupation or using a particular skill set during the base  
11 year and at least two of the four twelve-month periods immediately  
12 preceding the base year.

13 (c) "Training benefits" means additional benefits paid under this  
14 section.

15 (d) "Training program" means:

16 (i) An education program determined to be necessary as a  
17 prerequisite to vocational training after counseling at the educational  
18 institution in which the individual enrolls under his or her approved  
19 training program; or

20 (ii) A vocational training program at an educational institution:

21 (A) That is targeted to training for a high demand occupation.  
22 Beginning July 1, 2001, the assessment of high demand occupations  
23 authorized for training under this section must be substantially based  
24 on labor market and employment information developed by local work  
25 force development councils, in cooperation with the employment security  
26 department and its labor market information division, under subsection  
27 (~~((+9))~~) (10) of this section;

28 (B) That is likely to enhance the individual's marketable skills  
29 and earning power; and

30 (C) That meets the criteria for performance developed by the work  
31 force training and education coordinating board for the purpose of  
32 determining those training programs eligible for funding under Title I  
33 of P.L. 105-220.

34 "Training program" does not include any course of education  
35 primarily intended to meet the requirements of a baccalaureate or  
36 higher degree, unless the training meets specific requirements for  
37 certification, licensing, or for specific skills necessary for the  
38 occupation.

39 (5) Benefits shall be paid as follows:

1 (a)(i) Except as provided in (a)(iii) of this subsection, for  
2 exhaustees who are eligible under subsection (1) of this section, the  
3 total training benefit amount shall be fifty-two times the individual's  
4 weekly benefit amount, reduced by the total amount of regular benefits  
5 and extended benefits paid, or deemed paid, with respect to the benefit  
6 year; or

7 (ii) For exhaustees who are eligible under subsection (2) of this  
8 section, for claims filed before June 30, 2002, the total training  
9 benefit amount shall be seventy-four times the individual's weekly  
10 benefit amount, reduced by the total amount of regular benefits and  
11 extended benefits paid, or deemed paid, with respect to the benefit  
12 year. ((Beginning with new claims filed after June 30, 2002, for  
13 exhaustees eligible under subsection (2) of this section, the total  
14 training benefit amount shall be fifty two times the individual's  
15 weekly benefit amount, reduced by the total amount of regular benefits  
16 and extended benefits paid, or deemed paid, with respect to the benefit  
17 year)); or

18 (iii) For exhaustees eligible under subsection (1) of this section  
19 from industries listed under subsection (2)(a) of this section, for  
20 claims filed on or after June 30, 2002, but before January 5, 2003, the  
21 total training benefit amount shall be seventy-four times the  
22 individual's weekly benefit amount, reduced by the total amount of  
23 regular benefits and extended benefits paid, or deemed paid, with  
24 respect to the benefit year.

25 (b) The weekly benefit amount shall be the same as the regular  
26 weekly amount payable during the applicable benefit year and shall be  
27 paid under the same terms and conditions as regular benefits. The  
28 training benefits shall be paid before any extended benefits but not  
29 before any similar federally funded program.

30 (c) Training benefits are not payable for weeks more than two years  
31 beyond the end of the benefit year of the regular claim.

32 (6) The requirement under RCW 50.22.010(10) relating to exhausting  
33 regular benefits does not apply to an individual otherwise eligible for  
34 training benefits under this section when the individual's benefit year  
35 ends before his or her training benefits are exhausted and the  
36 individual is eligible for a new benefit year. These individuals will  
37 have the option of remaining on the original claim or filing a new  
38 claim.

1       (7)(a) Except as provided in (b) of this subsection, individuals  
2 who receive training benefits under this section or under any previous  
3 additional benefits program for training are not eligible for training  
4 benefits under this section for five years from the last receipt of  
5 training benefits under this section or under any previous additional  
6 benefits program for training.

7       (b) With respect to claims that are filed before January 5, 2003,  
8 an individual in the aerospace industry assigned the standard  
9 industrial code "372" or the North American industry classification  
10 system code "336411" who received training benefits under this section,  
11 and who had been making satisfactory progress in a training program but  
12 did not complete the program, is eligible, without regard to the five-  
13 year limitation of this section and without regard to the requirement  
14 of subsection (1)(b) of this section, if applicable, to receive  
15 training benefits under this section in order to complete that training  
16 program. The total training benefit amount that applies to the  
17 individual is seventy-four times the individual's weekly benefit  
18 amount, reduced by the total amount of regular benefits paid, or deemed  
19 paid, with respect to the benefit year in which the training program  
20 resumed and, if applicable, reduced by the amount of training benefits  
21 paid, or deemed paid, with respect to the benefit year in which the  
22 training program commenced.

23       (8) An individual eligible to receive a trade readjustment  
24 allowance under chapter 2 of Title II of the Trade Act of 1974, as  
25 amended, shall not be eligible to receive benefits under this section  
26 for each week the individual receives such trade readjustment  
27 allowance. An individual eligible to receive emergency unemployment  
28 compensation, so called, under any federal law, shall not be eligible  
29 to receive benefits under this section for each week the individual  
30 receives such compensation.

31       (9) All base year employers are interested parties to the approval  
32 of training and the granting of training benefits.

33       ~~((+9))~~ (10) By July 1, 2001, each local work force development  
34 council, in cooperation with the employment security department and its  
35 labor market information division, must identify occupations and skill  
36 sets that are declining and occupations and skill sets that are in high  
37 demand. For the purposes of RCW 50.22.130 through 50.22.150 and  
38 section 9, chapter 2, Laws of 2000, "high demand" means demand for  
39 employment that exceeds the supply of qualified workers for occupations

1 or skill sets in a labor market area. Local work force development  
2 councils must use state and locally developed labor market information.  
3 Thereafter, each local work force development council shall update this  
4 information annually or more frequently if needed.

5 ~~((10))~~ (11) The commissioner shall adopt rules as necessary to  
6 implement this section.

7 NEW SECTION. **Sec. 3.** A new section is added to chapter 50.20 RCW  
8 to read as follows:

9 (1) From July 1, 2002, to June 30, 2004, the maximum amount payable  
10 weekly shall be four hundred ninety-six dollars.

11 (2) From July 1, 2004, to June 30, 2010, the maximum amount payable  
12 weekly shall be seventy percent of the "average weekly wage" for the  
13 calendar year preceding such June 30th, except that the maximum amount  
14 payable weekly shall not increase by more than four percent each year.  
15 If growth in the average annual wage causes growth in the maximum  
16 amount payable weekly that exceeds four percent, then fifty percent of  
17 the growth rate that exceeds four percent shall be added to the maximum  
18 amount payable weekly in any of the subsequent three years. For years  
19 in which the potential recaptured growth rate exceeds the growth rate  
20 needed to reach four percent, the excess recaptured growth rate is  
21 available to be added to the maximum amount payable weekly in the  
22 remaining years in the three-year period. Each year, the department  
23 shall add any excess recaptured growth rate to the maximum amount  
24 payable weekly. Remaining portions of the excess additional growth  
25 rate not applied within the three-year period shall lapse. The sum of  
26 the growth rate and the excess additional growth rate shall not exceed  
27 four percent.

28 (3) If the maximum amount payable weekly is less than seventy  
29 percent of the average weekly wage on June 30, 2010, it shall be  
30 restored to seventy percent of the average weekly wage using one of the  
31 following methods. The maximum amount payable weekly may be restored:

32 (a) In equal increments in the four fiscal years ending on June 30,  
33 2014; or (b) in increments which, together with the growth rate in the  
34 maximum amount payable weekly, do not exceed nine percent in each  
35 fiscal year. The applicable method is the method that restores the  
36 maximum amount payable weekly to seventy percent of the average weekly  
37 wage first.

1       **Sec. 4.** RCW 50.20.120 and 1993 c 483 s 12 are each amended to read  
2 as follows:

3       (1) Subject to the other provisions of this title, benefits shall  
4 be payable to any eligible individual during the individual's benefit  
5 year in a maximum amount equal to the lesser of thirty times the weekly  
6 benefit amount (determined hereinafter) or one-third of the  
7 individual's base year wages under this title: PROVIDED, That as to  
8 any week beginning on and after March 31, 1981, which falls in an  
9 extended benefit period as defined in RCW 50.22.010(1), as now or  
10 hereafter amended, an individual's eligibility for maximum benefits in  
11 excess of twenty-six times his or her weekly benefit amount will be  
12 subject to the terms and conditions set forth in RCW 50.22.020, as now  
13 or hereafter amended.

14       (2) An individual's weekly benefit amount shall be an amount equal  
15 to one twenty-fifth of the average quarterly wages of the individual's  
16 total wages during the two quarters of the individual's base year in  
17 which such total wages were highest. The maximum and minimum amounts  
18 payable weekly shall be determined as of each June 30th to apply to  
19 benefit years beginning in the twelve-month period immediately  
20 following such June 30th. Except as provided in section 3 of this act,  
21 the maximum amount payable weekly shall be seventy percent of the  
22 "average weekly wage" for the calendar year preceding such June 30th.  
23 The minimum amount payable weekly shall be fifteen percent of the  
24 "average weekly wage" for the calendar year preceding such June 30th.  
25 If any weekly benefit, maximum benefit, or minimum benefit amount  
26 computed herein is not a multiple of one dollar, it shall be reduced to  
27 the next lower multiple of one dollar.

28       **Sec. 5.** RCW 50.24.010 and 2000 c 2 s 2 are each amended to read as  
29 follows:

30       (1) Contributions shall accrue and become payable by each employer  
31 (except employers as described in RCW 50.44.010 who have properly  
32 elected to make payments in lieu of contributions and those employers  
33 who are required to make payments in lieu of contributions) for each  
34 calendar year in which the employer is subject to this title at the  
35 rate established pursuant to chapter 50.29 RCW.

36       (2) In each rate year, the amount of wages subject to tax for each  
37 individual shall be one hundred fifteen percent of the amount of wages

1 subject to tax for the previous year rounded to the next lower one  
2 hundred dollars, except that:

3 (a) For employers assigned under RCW 50.29.025 to rate class 1  
4 through 18, the amount of wages subject to tax in any rate year shall  
5 not exceed eighty percent of the "average annual wage for contributions  
6 purposes" for the second preceding calendar year rounded to the next  
7 lower one hundred dollars. ~~((However, the amount subject to tax shall~~  
8 ~~be twenty four thousand three hundred dollars for rate year 2000.))~~

9 (b) For employers assigned under RCW 50.29.025 to rate class 19  
10 through 20E, and contribution paying employers not qualified to be in  
11 the array under RCW 50.29.025(6), the amount of wages subject to tax:

12 (i) For rate year 2003, shall not exceed eighty-five percent of the  
13 "average annual wage for contributions purposes" for the second  
14 preceding calendar year rounded to the next lower one hundred dollars.

15 (ii) For rate year 2004 and thereafter, shall not exceed ninety  
16 percent of the "average annual wage for contributions purposes" for the  
17 second preceding calendar year rounded to the next lower one hundred  
18 dollars.

19 (3) In making computations under this section and RCW 50.29.010,  
20 wages paid based on services for employers making payments in lieu of  
21 contributions shall not be considered remuneration. Moneys paid from  
22 the fund, based on services performed for employers who make payments  
23 in lieu of contributions, which have not been reimbursed to the fund as  
24 of any June 30 shall be deemed an asset of the unemployment  
25 compensation fund, to the extent that such moneys exceed the amount of  
26 payments in lieu of contributions which the commissioner has previously  
27 determined to be uncollectible: PROVIDED, FURTHER, That the amount  
28 attributable to employment with the state shall also include interest  
29 as provided for in RCW 50.44.020.

30 (4)(a) Contributions shall become due and be paid by each employer  
31 to the treasurer for the unemployment compensation fund in accordance  
32 with such regulations as the commissioner may prescribe, and shall not  
33 be deducted, in whole or in part, from the remuneration of individuals  
34 in employment of the employer. Any deduction in violation of the  
35 provisions of this section shall be unlawful.

36 (b) In the payment of any contributions, a fractional part of a  
37 cent shall be disregarded unless it amounts to one-half cent or more,  
38 in which case it shall be increased to one cent.

1       **Sec. 6.** RCW 50.29.020 and 2000 c 2 s 3 are each amended to read as  
2 follows:

3       (1) An experience rating account shall be established and  
4 maintained for each employer, except employers as described in RCW  
5 50.44.010 and 50.44.030 who have properly elected to make payments in  
6 lieu of contributions, taxable local government employers as described  
7 in RCW 50.44.035, and those employers who are required to make payments  
8 in lieu of contributions, based on existing records of the employment  
9 security department. Benefits paid to any eligible individuals shall  
10 be charged to the experience rating accounts of each of such  
11 individual's employers during the individual's base year in the same  
12 ratio that the wages paid by each employer to the individual during the  
13 base year bear to the wages paid by all employers to that individual  
14 during that base year, except as otherwise provided in this section.

15       (2) The legislature finds that certain benefit payments, in whole  
16 or in part, should not be charged to the experience rating accounts of  
17 employers except those employers described in RCW 50.44.010 and  
18 50.44.030 who have properly elected to make payments in lieu of  
19 contributions, taxable local government employers described in RCW  
20 50.44.035, and those employers who are required to make payments in  
21 lieu of contributions, as follows:

22       (a) Benefits paid to any individuals later determined to be  
23 ineligible shall not be charged to the experience rating account of any  
24 contribution paying employer.

25       (b) Benefits paid to an individual filing under the provisions of  
26 chapter 50.06 RCW shall not be charged to the experience rating account  
27 of any contribution paying employer only if:

28       (i) The individual files under RCW 50.06.020(1) after receiving  
29 crime victims' compensation for a disability resulting from a nonwork-  
30 related occurrence; or

31       (ii) The individual files under RCW 50.06.020(2).

32       (c) Benefits paid which represent the state's share of benefits  
33 payable as extended benefits defined under RCW 50.22.010(6) shall not  
34 be charged to the experience rating account of any contribution paying  
35 employer.

36       (d) In the case of individuals who requalify for benefits under RCW  
37 50.20.050 or 50.20.060, benefits based on wage credits earned prior to  
38 the disqualifying separation shall not be charged to the experience

1 rating account of the contribution paying employer from whom that  
2 separation took place.

3 (e) In the case of individuals identified under RCW 50.20.015,  
4 benefits paid with respect to a calendar quarter, which exceed the  
5 total amount of wages earned in the state of Washington in the higher  
6 of two corresponding calendar quarters included within the individual's  
7 determination period, as defined in RCW 50.20.015, shall not be charged  
8 to the experience rating account of any contribution paying employer.

9 ~~((f) Benefits paid under RCW 50.22.150 shall not be charged to the  
10 experience rating account of any contribution paying employer.))~~

11 (3)(a) A contribution-paying base year employer, not otherwise  
12 eligible for relief of charges for benefits under this section, may  
13 receive such relief if the benefit charges result from payment to an  
14 individual who:

15 (i) Last left the employ of such employer voluntarily for reasons  
16 not attributable to the employer;

17 (ii) Was discharged for misconduct connected with his or her work  
18 not a result of inability to meet the minimum job requirements;

19 (iii) Is unemployed as a result of closure or severe curtailment of  
20 operation at the employer's plant, building, work site, or other  
21 facility. This closure must be for reasons directly attributable to a  
22 catastrophic occurrence such as fire, flood, or other natural disaster;  
23 or

24 (iv) Continues to be employed on a regularly scheduled permanent  
25 part-time basis by a base year employer and who at some time during the  
26 base year was concurrently employed and subsequently separated from at  
27 least one other base year employer. Benefit charge relief ceases when  
28 the employment relationship between the employer requesting relief and  
29 the claimant is terminated. This subsection does not apply to shared  
30 work employers under chapter 50.60 RCW.

31 (b) The employer requesting relief of charges under this subsection  
32 must request relief in writing within thirty days following mailing to  
33 the last known address of the notification of the valid initial  
34 determination of such claim, stating the date and reason for the  
35 separation or the circumstances of continued employment. The  
36 commissioner, upon investigation of the request, shall determine  
37 whether relief should be granted.

1       **Sec. 7.** RCW 50.29.025 and 2000 c 2 s 4 are each amended to read as  
2 follows:

3       The contribution rate for each employer subject to contributions  
4 under RCW 50.24.010 shall be determined under this section.

5       (1) A fund balance ratio shall be determined by dividing the  
6 balance in the unemployment compensation fund as of the September 30th  
7 immediately preceding the rate year by the total remuneration paid by  
8 all employers subject to contributions during the second calendar year  
9 preceding the rate year and reported to the department by the following  
10 March 31st. The division shall be carried to the fourth decimal place  
11 with the remaining fraction, if any, disregarded. The fund balance  
12 ratio shall be expressed as a percentage.

13       (2) The interval of the fund balance ratio, expressed as a  
14 percentage, shall determine which tax schedule in subsection (5) of  
15 this section shall be in effect for assigning tax rates for the rate  
16 year, except that during rate year 2004 tax schedule C shall be in  
17 effect unless a lower tax schedule is determined to be in effect by the  
18 interval of the fund balance ratio. The intervals for determining the  
19 effective tax schedule shall be:

20	Interval of the	
21	Fund Balance Ratio	Effective
22	Expressed as a Percentage	Tax Schedule
23	2.90 and above	AA
24	2.10 to 2.89	A
25	1.70 to 2.09	B
26	1.40 to 1.69	C
27	1.00 to 1.39	D
28	0.70 to 0.99	E
29	Less than 0.70	F

30       (3) An array shall be prepared, listing all qualified employers in  
31 ascending order of their benefit ratios. The array shall show for each  
32 qualified employer: (a) Identification number; (b) benefit ratio; (c)  
33 taxable payrolls for the four calendar quarters immediately preceding  
34 the computation date and reported to the department by the cut-off  
35 date; (d) a cumulative total of taxable payrolls consisting of the  
36 employer's taxable payroll plus the taxable payrolls of all other  
37 employers preceding him or her in the array; and (e) the percentage  
38 equivalent of the cumulative total of taxable payrolls.

1 (4) Each employer in the array shall be assigned to one of twenty  
 2 rate classes according to the percentage intervals of cumulative  
 3 taxable payrolls set forth in subsection (5) of this section:  
 4 PROVIDED, That if an employer's taxable payroll falls within two or  
 5 more rate classes, the employer and any other employer with the same  
 6 benefit ratio shall be assigned to the lowest rate class which includes  
 7 any portion of the employer's taxable payroll.

8 (5)(a) Except as provided in RCW 50.29.026 and sections 9 and 10 of  
 9 this act, the contribution rate for each employer in the array shall be  
 10 the rate specified in the following tables for the rate class to which  
 11 he or she has been assigned, as determined under subsection (4) of this  
 12 section, within the tax schedule which is to be in effect during the  
 13 rate year:

14 ((Percent of  
 15 Cumulative Schedules of Contributions Rates  
 16 Taxable Payrolls for Effective Tax Schedule

17 Rate

From	To	Class	AA	A	B	C	D	E	F
0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
75.01	80.00	16	2.87	3.09	3.69	3.81	4.22	4.53	4.73
80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40))

		<u>Percent of</u>								
		<u>Cumulative</u>								
		<u>Schedules of Contributions Rates</u>								
		<u>for Effective Tax Schedule</u>								
		<u>Taxable Payrolls</u>								
		<u>Rate</u>								
	<u>From</u>	<u>To</u>	<u>Class</u>	<u>AA</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
6	0.00	5.00	1	0.47	0.47	0.62	1.02	1.47	1.87	2.47
7	5.01	10.00	2	0.47	0.47	0.82	1.22	1.67	2.07	2.67
8	10.01	15.00	3	0.57	0.57	1.02	1.42	1.77	2.27	2.87
9	15.01	20.00	4	0.57	0.73	1.16	1.56	1.90	2.40	2.98
10	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
11	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
12	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
13	35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
14	40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
15	45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
16	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
17	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
18	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
19	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
20	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
21	75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73
22	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
23	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
24	90.01	95.00	19	4.10	4.30	4.60	5.00	5.10	5.20	5.40
25	95.01	100.00	20							
26			20A	5.40	5.40	5.40	5.40	5.40	5.55	5.60
27			20B	5.40	5.45	5.50	5.55	5.60	5.65	5.70
28			20C	5.50	5.55	5.60	5.65	5.70	5.75	5.80
29			20D	5.60	5.65	5.70	5.75	5.80	5.85	5.90
30			20E	5.70	5.75	5.80	5.85	5.90	5.95	6.00

31 (b) Employers assigned to rate class 20 shall be assigned to one of  
32 the rate classes 20A through E as follows:

33 (i) Employers with a benefit ratio of less than 0.054000 shall be  
34 assigned to rate class 20A;

35 (ii) Employers with a benefit ratio of at least 0.054000 but less  
36 than 0.063000 shall be assigned to rate class 20B;

37 (iii) Employers with a benefit ratio of at least 0.063000 but less  
38 than 0.068000 shall be assigned to rate class 20C;

39 (iv) Employers with a benefit ratio of at least 0.068000 but less  
40 than 0.075000 shall be assigned to rate class 20D; and

41 (v) Employers with a benefit ratio of 0.075000 or higher shall be  
42 assigned to rate class 20E.

1        (c) The maximum contribution rate for employers whose standard  
2 industrial classification code is within major group "01," "02," or  
3 "07," or is code "5148," or the equivalent code in the North American  
4 industry classification system code, may not exceed the rate in rate  
5 class 20A for the applicable rate year.

6        (6) Except as provided in sections 9 and 10 of this act, the  
7 contribution rate for each employer not qualified to be in the array  
8 shall be as follows:

9        (a) Employers who do not meet the definition of "qualified  
10 employer" by reason of failure to pay contributions when due shall be  
11 assigned a contribution rate two-tenths higher than that in rate class  
12 20E for the applicable rate year, except employers who have an approved  
13 agency-deferred payment contract by September 30 of the previous rate  
14 year. If any employer with an approved agency-deferred payment  
15 contract fails to make any one of the succeeding deferred payments or  
16 fails to submit any succeeding tax report and payment in a timely  
17 manner, the employer's tax rate shall immediately revert to a  
18 contribution rate two-tenths higher than that in rate class 20E for the  
19 applicable rate year; and

20        (b) For all other employers not qualified to be in the array, the  
21 contribution rate shall be a rate equal to the average industry rate as  
22 determined by the commissioner; however, the rate may not be less than  
23 one percent. Assignment of employers by the commissioner to industrial  
24 classification, for purposes of this section, shall be in accordance  
25 with established classification practices found in the "Standard  
26 Industrial Classification Manual" issued by the federal office of  
27 management and budget to the third digit provided in the standard  
28 industrial classification code, or in the North American industry  
29 classification system code.

30        **Sec. 8.** RCW 50.29.025 and 2000 c 2 s 4 are each amended to read as  
31 follows:

32        The contribution rate for each employer subject to contributions  
33 under RCW 50.24.010 shall be determined under this section.

34        (1) A fund balance ratio shall be determined by dividing the  
35 balance in the unemployment compensation fund as of the September 30th  
36 immediately preceding the rate year by the total remuneration paid by  
37 all employers subject to contributions during the second calendar year  
38 preceding the rate year and reported to the department by the following

1 March 31st. The division shall be carried to the fourth decimal place  
2 with the remaining fraction, if any, disregarded. The fund balance  
3 ratio shall be expressed as a percentage.

4 (2) The interval of the fund balance ratio, expressed as a  
5 percentage, shall determine which tax schedule in subsection (5) of  
6 this section shall be in effect for assigning tax rates for the rate  
7 year. The intervals for determining the effective tax schedule shall  
8 be:

9	Interval of the	
10	Fund Balance Ratio	Effective
11	Expressed as a Percentage	Tax Schedule
12	2.90 and above	AA
13	2.10 to 2.89	A
14	1.70 to 2.09	B
15	1.40 to 1.69	C
16	1.00 to 1.39	D
17	0.70 to 0.99	E
18	Less than 0.70	F

19 (3) An array shall be prepared, listing all qualified employers in  
20 ascending order of their benefit ratios. The array shall show for each  
21 qualified employer: (a) Identification number; (b) benefit ratio; (c)  
22 taxable payrolls for the four calendar quarters immediately preceding  
23 the computation date and reported to the department by the cut-off  
24 date; (d) a cumulative total of taxable payrolls consisting of the  
25 employer's taxable payroll plus the taxable payrolls of all other  
26 employers preceding him or her in the array; and (e) the percentage  
27 equivalent of the cumulative total of taxable payrolls.

28 (4) Each employer in the array shall be assigned to one of twenty  
29 rate classes according to the percentage intervals of cumulative  
30 taxable payrolls set forth in subsection (5) of this section:  
31 PROVIDED, That if an employer's taxable payroll falls within two or  
32 more rate classes, the employer and any other employer with the same  
33 benefit ratio shall be assigned to the lowest rate class which includes  
34 any portion of the employer's taxable payroll.

35 (5)(a) Except as provided in RCW 50.29.026 and sections 9 and 10 of  
36 this act, the contribution rate for each employer in the array shall be  
37 the rate specified in the following tables for the rate class to which  
38 he or she has been assigned, as determined under subsection (4) of this

1 section, within the tax schedule which is to be in effect during the  
 2 rate year:

3 ((Percent of  
 4 Cumulative Schedules of Contributions Rates  
 5 Taxable Payrolls for Effective Tax Schedule

6 Rate

7 From To Class AA A B C D E F

8	0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47
9	5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67
10	10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87
11	15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98
12	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
13	25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18
14	30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27
15	35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47
16	40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66
17	45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86
18	50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95
19	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
20	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
21	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
22	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
23	75.01	80.00	16	2.87	3.09	3.69	3.81	4.22	4.53	4.73
24	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
25	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
26	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
27	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40))

28 Percent of  
 29 Cumulative Schedules of Contributions Rates  
 30 Taxable Payrolls for Effective Tax Schedule

31 Rate

32 From To Class AA A B C D E F

33	0.00	5.00	1	0.47	0.47	0.62	1.02	1.47	1.87	2.47
34	5.01	10.00	2	0.47	0.47	0.82	1.22	1.67	2.07	2.67
35	10.01	15.00	3	0.57	0.57	1.02	1.42	1.77	2.27	2.87
36	15.01	20.00	4	0.57	0.73	1.14	1.54	1.90	2.40	2.98
37	20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08
38	25.01	30.00	6	0.91	1.03	1.44	1.89	2.29	2.69	3.18
39	30.01	35.00	7	1.00	1.17	1.61	2.08	2.48	2.88	3.27
40	35.01	40.00	8	1.19	1.35	1.79	2.27	2.67	3.07	3.47
41	40.01	45.00	9	1.37	1.52	1.97	2.47	2.87	3.27	3.66
42	45.01	50.00	10	1.56	1.69	2.15	2.66	3.06	3.46	3.86
43	50.01	55.00	11	1.84	1.95	2.33	2.85	3.25	3.66	3.95

1	<u>55.01</u>	<u>60.00</u>	<u>12</u>	<u>2.03</u>	<u>2.12</u>	<u>2.51</u>	<u>3.04</u>	<u>3.44</u>	<u>3.85</u>	<u>4.15</u>
2	<u>60.01</u>	<u>65.00</u>	<u>13</u>	<u>2.22</u>	<u>2.29</u>	<u>2.69</u>	<u>3.23</u>	<u>3.64</u>	<u>4.04</u>	<u>4.34</u>
3	<u>65.01</u>	<u>70.00</u>	<u>14</u>	<u>2.40</u>	<u>2.47</u>	<u>2.87</u>	<u>3.43</u>	<u>3.83</u>	<u>4.24</u>	<u>4.54</u>
4	<u>70.01</u>	<u>75.00</u>	<u>15</u>	<u>2.64</u>	<u>2.68</u>	<u>3.05</u>	<u>3.62</u>	<u>4.02</u>	<u>4.43</u>	<u>4.63</u>
5	<u>75.01</u>	<u>80.00</u>	<u>16</u>	<u>2.81</u>	<u>2.87</u>	<u>3.25</u>	<u>3.81</u>	<u>4.22</u>	<u>4.53</u>	<u>4.73</u>
6	<u>80.01</u>	<u>85.00</u>	<u>17</u>	<u>3.27</u>	<u>3.30</u>	<u>3.58</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>
7	<u>85.01</u>	<u>90.00</u>	<u>18</u>	<u>3.67</u>	<u>3.87</u>	<u>4.17</u>	<u>4.57</u>	<u>4.87</u>	<u>4.97</u>	<u>5.17</u>
8	<u>90.01</u>	<u>95.00</u>	<u>19</u>	<u>4.10</u>	<u>4.30</u>	<u>4.60</u>	<u>5.00</u>	<u>5.10</u>	<u>5.20</u>	<u>5.40</u>
9	<u>95.01</u>	<u>100.00</u>	<u>20</u>							
10			<u>20A</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>5.55</u>	<u>5.60</u>
11			<u>20B</u>	<u>5.40</u>	<u>5.45</u>	<u>5.50</u>	<u>5.55</u>	<u>5.60</u>	<u>5.65</u>	<u>5.70</u>
12			<u>20C</u>	<u>5.50</u>	<u>5.55</u>	<u>5.60</u>	<u>5.65</u>	<u>5.70</u>	<u>5.75</u>	<u>5.80</u>
13			<u>20D</u>	<u>5.60</u>	<u>5.65</u>	<u>5.70</u>	<u>5.75</u>	<u>5.80</u>	<u>5.85</u>	<u>5.90</u>
14			<u>20E</u>	<u>5.70</u>	<u>5.75</u>	<u>5.80</u>	<u>5.85</u>	<u>5.90</u>	<u>5.95</u>	<u>6.00</u>

15 (b) Employers assigned to rate class 20 shall be assigned to one of  
16 the rate classes 20A through E as follows:

17 (i) Employers with a benefit ratio of less than 0.054000 shall be  
18 assigned to rate class 20A;

19 (ii) Employers with a benefit ratio of at least 0.054000 but less  
20 than 0.063000 shall be assigned to rate class 20B;

21 (iii) Employers with a benefit ratio of at least 0.063000 but less  
22 than 0.068000 shall be assigned to rate class 20C;

23 (iv) Employers with a benefit ratio of at least 0.068000 but less  
24 than 0.075000 shall be assigned to rate class 20D; and

25 (v) Employers with a benefit ratio of 0.075000 or higher shall be  
26 assigned to rate class 20E.

27 (c) The maximum contribution rate for employers whose standard  
28 industrial classification code is within major group "01," "02," or  
29 "07," or is code "5148," or the equivalent code in the North American  
30 industry classification system code, may not exceed the rate in rate  
31 class 20A for the applicable rate year.

32 (6) Except as provided in sections 9 and 10 of this act, the  
33 contribution rate for each employer not qualified to be in the array  
34 shall be as follows:

35 (a) Employers who do not meet the definition of "qualified  
36 employer" by reason of failure to pay contributions when due shall be  
37 assigned a contribution rate two-tenths higher than that in rate class  
38 20E for the applicable rate year, except employers who have an approved  
39 agency-deferred payment contract by September 30 of the previous rate  
40 year. If any employer with an approved agency-deferred payment  
41 contract fails to make any one of the succeeding deferred payments or

1 fails to submit any succeeding tax report and payment in a timely  
2 manner, the employer's tax rate shall immediately revert to a  
3 contribution rate two-tenths higher than that in rate class 20E for the  
4 applicable rate year; and

5 (b) For all other employers not qualified to be in the array, the  
6 contribution rate shall be a rate equal to the average industry rate as  
7 determined by the commissioner; however, the rate may not be less than  
8 one percent. Assignment of employers by the commissioner to industrial  
9 classification, for purposes of this section, shall be in accordance  
10 with established classification practices found in the "Standard  
11 Industrial Classification Manual" issued by the federal office of  
12 management and budget to the third digit provided in the standard  
13 industrial classification code, or in the North American industry  
14 classification system code.

15 NEW SECTION. **Sec. 9.** A new section is added to chapter 50.29 RCW  
16 to read as follows:

17 For rate years 2003 and 2004, the contribution rate of each  
18 employer subject to contributions under RCW 50.24.010 shall include, in  
19 addition to the contribution rate under RCW 50.29.025, an insolvency  
20 surcharge of fifteen one-hundredths of one percent. However, the  
21 insolvency surcharge is not in effect:

22 (1) For rate year 2003, if, before January 1, 2003, federal Reed  
23 act moneys are transferred to the account of this state pursuant to  
24 section 903 of the social security act (42 U.S.C. Sec. 1103), as  
25 amended, in an amount equal to or greater than fifteen one-hundredths  
26 of one percent multiplied by the amount of total taxable payroll for  
27 fiscal year 2002.

28 (2) For rate year 2004, if the fund balance ratio under RCW  
29 50.29.025 is equal to or greater than 1.40 on September 30, 2003.

30 NEW SECTION. **Sec. 10.** A new section is added to chapter 50.29 RCW  
31 to read as follows:

32 (1) Beginning with contributions assessed for rate year 2005, the  
33 contribution rate of each employer subject to contributions under RCW  
34 50.24.010 shall include, in addition to the contribution rate under RCW  
35 50.29.025, an equity surcharge as determined under this section if the  
36 employer's experience rating account has ineffective charges in at  
37 least three of the four completed fiscal years immediately preceding

1 the computation date. The commissioner shall determine the equity  
2 surcharge rate for a rate year for each applicable employer as follows:

3 (a) If the employer's net ineffective charges are equal to or less  
4 than zero, no equity surcharge is applicable to the employer. If the  
5 employer's net ineffective charges are greater than zero, an equity  
6 surcharge is applicable to the employer.

7 (b) An employer's equity surcharge rate for a rate year is equal to  
8 the net ineffective charges divided by the employer's taxable payroll,  
9 expressed as a percentage.

10 (2) The equity surcharge may not exceed four-tenths of one percent,  
11 except that for any given rate year the maximum surcharge is six-tenths  
12 of one percent if the commissioner determines that the total  
13 ineffective charges in the completed fiscal year immediately preceding  
14 the computation date is greater than fifteen percent of the total  
15 benefits paid in that fiscal year.

16 (3) This section does not apply to an employer in rate class 20A  
17 through 20E whose assigned standard industrial classification code is  
18 within major group "09" or is "203," or the equivalent codes in the  
19 North American industry classification system code.

20 (4) For purposes of this section:

21 (a) "Ineffective charges" means the dollar amount charged in the  
22 previous four completed fiscal years to an employer's experience rating  
23 account attributable to unemployment benefits paid to claimants that  
24 exceed the contributions paid by the respective employer in those four  
25 fiscal years.

26 (b) "Net ineffective charges" means the sum of the employer's  
27 ineffective charges as defined in (a) of this subsection reduced by the  
28 employer's estimated contributions.

29 (c) "Estimated contributions" means the employer's taxable payroll  
30 multiplied by the employer's contribution rate assigned under RCW  
31 50.29.025 for the next applicable rate year.

32 (d) "Taxable payroll" means the amount of wages subject to tax for  
33 the employer as determined under RCW 50.24.010 in the completed fiscal  
34 year immediately preceding the computation date.

35 **Sec. 11.** RCW 50.29.010 and 1987 c 213 s 2 are each amended to read  
36 as follows:

37 As used in this chapter:

38 (1) "Computation date" means July 1st of any year;

1       (2) "Cut-off date" means September 30th next following the  
2 computation date;

3       (3) "Qualification date" means April 1st of the (~~(third)~~) second  
4 year preceding the computation date;

5       (4) "Rate year" means the calendar year immediately following the  
6 computation date;

7       (5) "Payroll" means all wages (as defined for contribution  
8 purposes) paid by an employer to individuals in his or her employment;

9       (6) "Qualified employer" means any employer who (~~((1))~~) (a)  
10 reported some employment in the twelve-month period beginning with the  
11 qualification date, (~~((2))~~) (b) had no period of four or more  
12 consecutive calendar quarters for which he or she reported no  
13 employment in the two calendar years immediately preceding the  
14 computation date, and (~~((3))~~) (c) has submitted by the cut-off date all  
15 reports, contributions, interest, and penalties required under this  
16 title for the period preceding the computation date. Unpaid  
17 contributions, interest, and penalties may be disregarded for the  
18 purposes of this section if they constitute less than either one  
19 hundred dollars or one-half of one percent of the employer's total tax  
20 reported for the twelve-month period immediately preceding the  
21 computation date. Late reports, contributions, penalties, or interest  
22 from employment defined under RCW 50.04.160 may be disregarded for the  
23 purposes of this section if showing is made to the satisfaction of the  
24 commissioner that an otherwise qualified employer acted in good faith  
25 and that forfeiture of qualification for a reduced contribution rate  
26 because of such delinquency would be inequitable.

27       **Sec. 12.** RCW 50.29.062 and 1996 c 238 s 1 are each amended to read  
28 as follows:

29       Predecessor and successor employer contribution rates shall be  
30 computed in the following manner:

31       (1) If the successor is an employer, as defined in RCW 50.04.080,  
32 at the time of the transfer, its contribution rate shall remain  
33 unchanged for the remainder of the rate year in which the transfer  
34 occurs. From and after January 1 following the transfer, the  
35 successor's contribution rate for each rate year shall be based on its  
36 experience with payrolls and benefits including the experience of the  
37 acquired business or portion of a business from the date of transfer,  
38 as of the regular computation date for that rate year.

1 (2) If the successor is not an employer at the time of the  
2 transfer, it shall pay contributions at the lowest rate determined  
3 under either of the following:

4 (a)(i) For transfers before January 1, 1997, the contribution rate  
5 of the rate class assigned to the predecessor employer at the time of  
6 the transfer for the remainder of that rate year and continuing until  
7 the successor qualifies for a different rate in its own right;

8 (ii) For transfers on or after January 1, 1997, the contribution  
9 rate of the rate class assigned to the predecessor employer at the time  
10 of the transfer for the remainder of that rate year. Any experience  
11 relating to the assignment of that rate class attributable to the  
12 predecessor is transferred to the successor. Beginning with the  
13 January 1 following the transfer, the successor's contribution rate  
14 shall be based on the transferred experience of the acquired business  
15 and the successor's experience after the transfer; or

16 (b) The contribution rate equal to the average industry rate as  
17 determined by the commissioner, but not less than one percent, and  
18 continuing until the successor qualifies for a different rate in its  
19 own right. Assignment of employers by the commissioner to industrial  
20 classification, for purposes of this subsection, must be in accordance  
21 with established classification practices found in the "Standard  
22 Industrial Classification Manual" issued by the federal office of  
23 management and budget to the third digit provided in the standard  
24 industrial classification code, or in the North American industry  
25 classification code system.

26 (3) If the successor is not an employer at the time of the transfer  
27 and simultaneously acquires the business or a portion of the business  
28 of two or more employers in different rate classes, its rate from the  
29 date the transfer occurred until the end of that rate year and until it  
30 qualifies in its own right for a new rate, shall be the highest rate  
31 class applicable at the time of the acquisition to any predecessor  
32 employer who is a party to the acquisition, but not less than one  
33 percent.

34 (4) If the successor is not an employer at the time of the  
35 transfer, the taxable wage base applicable to the predecessor employer  
36 at the time of the transfer shall continue to apply to the successor  
37 employer for the remainder of the rate year in which the transfer  
38 occurs.

1       (5) The contribution rate on any payroll retained by a predecessor  
2 employer shall remain unchanged for the remainder of the rate year in  
3 which the transfer occurs.

4       (~~((5))~~) (6) In all cases, from and after January 1 following the  
5 transfer, the predecessor's contribution rate for each rate year shall  
6 be based on its experience with payrolls and benefits as of the regular  
7 computation date for that rate year including the experience of the  
8 acquired business or portion of business up to the date of transfer:  
9 PROVIDED, That if all of the predecessor's business is transferred to  
10 a successor or successors, the predecessor shall not be a qualified  
11 employer until it satisfies the requirements of a "qualified employer"  
12 as set forth in RCW 50.29.010.

13       In addition to contributions at rates computed under this section,  
14 predecessor and successor employers are subject to contributions under  
15 rates computed as provided in sections 9 and 10 of this act.

16       **Sec. 13.** RCW 50.24.014 and 2000 c 2 s 15 are each amended to read  
17 as follows:

18       (1)(a) A separate and identifiable account to provide for the  
19 financing of special programs to assist the unemployed is established  
20 in the administrative contingency fund. Contributions to this account  
21 shall accrue and become payable by each employer, except employers as  
22 described in RCW 50.44.010 and 50.44.030 who have properly elected to  
23 make payments in lieu of contributions, taxable local government  
24 employers as described in RCW 50.44.035, and those employers who are  
25 required to make payments in lieu of contributions, at a basic rate of  
26 two one-hundredths of one percent. The amount of wages subject to tax  
27 shall be determined under RCW 50.24.010.

28       (b) A separate and identifiable account is established in the  
29 administrative contingency fund for financing the employment security  
30 department's administrative cost under RCW 50.22.150 (~~(and)~~), the costs  
31 under RCW 50.22.150(9), and the administrative cost under chapter  
32 . . . , Laws of 2002 (this act). Contributions to this account shall  
33 accrue and become payable by each employer, except employers as  
34 described in RCW 50.44.010 and 50.44.030 who have properly elected to  
35 make payments in lieu of contributions, taxable local government  
36 employers as described in RCW 50.44.035, those employers who are  
37 required to make payments in lieu of contributions, those employers  
38 described under RCW 50.29.025(6)(b), and those qualified employers

1 assigned one of the rate classes 20A through 20E under RCW 50.29.025,  
2 at a basic rate of one one-hundredth of one percent. The amount of  
3 wages subject to tax shall be determined under RCW 50.24.010. (~~Any~~  
4 ~~amount of contributions payable under this subsection (1)(b) that~~  
5 ~~exceeds the amount that would have been collected at a rate of four~~  
6 ~~one thousandths of one percent must be deposited in the unemployment~~  
7 ~~compensation trust fund.))~~

8 (c) For the first calendar quarter of 1994 only, the basic two one-  
9 hundredths of one percent contribution payable under (a) of this  
10 subsection shall be increased by one-hundredth of one percent to a  
11 total rate of three one-hundredths of one percent. The proceeds of  
12 this incremental one-hundredth of one percent shall be used solely for  
13 the purposes described in section 22, chapter 483, Laws of 1993, and  
14 for the purposes of conducting an evaluation of the call center  
15 approach to unemployment insurance under section 5, chapter 161, Laws  
16 of 1998. During the 1997-1999 fiscal biennium, any surplus from  
17 contributions payable under this subsection (c) may be deposited in the  
18 unemployment compensation trust fund, used to support tax and wage  
19 automated systems projects that simplify and streamline employer  
20 reporting, or both.

21 (2)(a) Contributions under this section shall become due and be  
22 paid by each employer under rules as the commissioner may prescribe,  
23 and shall not be deducted, in whole or in part, from the remuneration  
24 of individuals in the employ of the employer. Any deduction in  
25 violation of this section is unlawful.

26 (b) In the payment of any contributions under this section, a  
27 fractional part of a cent shall be disregarded unless it amounts to  
28 one-half cent or more, in which case it shall be increased to one cent.

29 (3) If the commissioner determines that federal funding has been  
30 increased to provide financing for the services specified in chapter  
31 50.62 RCW, the commissioner shall direct that collection of  
32 contributions under this section be terminated on the following January  
33 1st.

34 NEW SECTION. Sec. 14. (1) There is hereby created a joint task  
35 force on unemployment insurance, composed of the following members:

36 (a) Four members of the senate labor, commerce and financial  
37 institutions committee, two from each of the major caucuses, to be  
38 appointed by the president of the senate;

1 (b) Four members of the house of representatives commerce and labor  
2 committee, two from each of the major caucuses, to be appointed by the  
3 speaker of the house of representatives;

4 (c) At least one legislative member from each house of the  
5 legislature shall represent a district east of the Cascade mountains;  
6 and

7 (d) Up to eight members appointed jointly by the president of the  
8 senate and the speaker of the house of representatives, representing  
9 business and labor in equal numbers. The business representatives  
10 shall be selected from nominations submitted by statewide business  
11 organizations, representing a cross-section of industries. The labor  
12 representatives shall be selected from nominations submitted by  
13 statewide labor organizations representing a cross-section of  
14 industries. Business and labor members shall include at least one  
15 person representing each of the following industries or economic  
16 sectors: Aerospace, construction, agriculture, small business,  
17 information technology, and retail.

18 (2) The employment security department unemployment insurance  
19 advisory committee shall provide administrative, technical, and  
20 clerical assistance to the joint task force on unemployment insurance.

21 (3) The senate committee services and the office of program  
22 research shall provide the staff support as mutually agreed by the  
23 cochairs of the joint task force on unemployment insurance. The task  
24 force shall designate the cochairs.

25 (4) The members of the joint task force on unemployment insurance  
26 shall not be compensated but the legislative members may be reimbursed  
27 for travel expenses as provided in RCW 43.03.050 and 43.03.060. The  
28 task force shall minimize travel costs, and shall meet only in Olympia  
29 or Lacey, Washington. Other meetings and conferences that may be  
30 deemed necessary shall be held by teleconference or written submittal,  
31 which may be via e-mail.

32 (5) The joint task force on unemployment insurance shall appoint a  
33 technical advisory committee to assist in the development of  
34 legislative proposals and recommendations. Representatives of small  
35 business, construction industry, aerospace, information technology,  
36 agriculture, and retail shall be included on the technical advisory  
37 committee, on an ad hoc basis. Business and labor, and rural and urban  
38 interests shall all be represented.

1 (6) The joint task force on unemployment insurance shall study the  
2 following issues:

3 (a) Tax equity proposals, including tax rates and distribution of  
4 tax effects;

5 (b) Social costs;

6 (c) Improvement in administrative costs and efficiencies;

7 (d) Experience rating systems;

8 (e) Effectiveness of the implementation of this act in achieving  
9 equity;

10 (f) Trust fund adequacy, including examination of establishment of  
11 an earmarked state trust fund managed by the Washington state  
12 investment board;

13 (g) The effect of this act upon business insolvency rates in  
14 Washington state;

15 (h) Ways to reduce any inequitable effects of noncharged benefits  
16 caused by statutory individual benefits on the employer unemployment  
17 insurance burden. For purposes of this section, "individual benefits"  
18 means benefits paid to individuals who are considered to have left work  
19 voluntarily for good cause under RCW 50.20.050(2);

20 (i) Benefit structure and costs, including the improved direction  
21 of benefits to those in need;

22 (j) Analysis to improve understanding of the high rate of employer  
23 turnover in Washington state; and

24 (k) Any other issues deemed appropriate by the task force.

25 (7) The joint task force on unemployment insurance shall report its  
26 findings and make recommendations to the legislature by December 31,  
27 2003. In the event that the task force is divided regarding an issue  
28 that is subject to a recommendation, the task force, with the  
29 assistance of the technical advisory committee, will articulate and  
30 submit more than one proposal or option for legislative consideration.

31 NEW SECTION. **Sec. 15.** If any part of this act is found to be in  
32 conflict with federal requirements that are a prescribed condition to  
33 the allocation of federal funds to the state or the eligibility of  
34 employers in this state for federal unemployment tax credits, the  
35 conflicting part of this act is inoperative solely to the extent of the  
36 conflict, and the finding or determination does not affect the  
37 operation of the remainder of this act. Rules adopted under this act  
38 must meet federal requirements that are a necessary condition to the

1 receipt of federal funds by the state or the granting of federal  
2 unemployment tax credits to employers in this state.

3 NEW SECTION. **Sec. 16.** If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 17.** (1) Section 3 of this act applies beginning  
8 with claims that have an effective date on or after July 7, 2002.

9 (2) Sections 5 and 7 of this act apply to rate years beginning on  
10 or after January 1, 2003.

11 (3) Section 6 of this act applies to benefits charged to the  
12 experience rating accounts of employers for claims that have an  
13 effective date on or after July 7, 2002.

14 (4) Section 8 of this act applies to rate years beginning on or  
15 after January 1, 2005.

16 NEW SECTION. **Sec. 18.** (1) Sections 7 and 9 of this act expire  
17 January 1, 2005.

18 (2) Section 3 of this act expires July 1, 2014.

19 NEW SECTION. **Sec. 19.** (1) Section 2 of this act is necessary for  
20 the immediate preservation of the public peace, health, or safety, or  
21 support of the state government and its existing public institutions,  
22 and takes effect immediately.

23 (2) Section 8 of this act takes effect January 1, 2005.

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